

## Message Text

UNCLASSIFIED

PAGE 01 MEXICO 11521 01 OF 02 120037Z

ACTION EB-07

INFO OCT-01 ARA-14 ISO-00 FEA-01 AGRE-00 CEA-01  
CIAE-00 COME-00 DODE-00 FRB-01 H-02 INR-07 INT-05  
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SS-15 STR-04 ITC-01 TRSE-00 USIA-15 PRS-01 SP-02  
OMB-01 /099 W

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P 120030Z JUL 77

FM AMEMBASSY MEXICO

TO SECSTATE WASHDC PRIORITY 3452

UNCLAS SECTION 01 OF 02 MEXICO 11521

EO 11652: N/A

TAGS: ETRD, MX, EGEN, OCON

SUBJECT: PROPOSED TOPICS FOR DISCUSSION IN THE TRADE  
SUBGROUP OF THE US-MEXICO CONSULTATIVE MECHANISM

REF: A) MEXICO 11344, B) STEINBOCK (STR) TELECON

1. FOLLOWING REF B TELECON EMBASSY OBTAINED FROM  
MINISTRY FOREIGN RELATIONS COPY OF PROPOSED AGENDA FOR  
WASHINGTON MEETING FOR WEEK OF JULY 18. (ORIGINAL OF  
DOCUMENT DELIVERED TO FOREIGN RELATIONS SOMETIME AGO  
FOR TRANSMITTAL AND PRESUMABLY WILL EVENTUALLY BE  
GIVEN TO DEPARTMENT BY MEXICAN EMBASSY.) FOLLOWING IS  
EMBASSY TRANSLATION OF DOCUMENT. BEGIN TEXT.

DRAFT AGENDA OUTLINE PROPOSED BY MEXICO FOR THE FIRST  
MEETING OF THE TRADE SUB-GROUP, U.S.-MEXICO

1.1 OBJECTIVES OF MEXICAN TRADE POLICY: BALANCE TRADE  
WITH THE U.S., MAINLY THROUGH INCREASING EXPORTS AT  
THE SAME TIME AS IMPORTS ARE RATIONALIZED.

UNCLASSIFIED

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PAGE 02 MEXICO 11521 01 OF 02 120037Z

ON THIS POINT AND WITHIN A GENERAL FRAMEWORK, AN ANALYSIS  
WILL BE MADE OF MEXICO'S DIFFICULTY IN APPLYING ITS TRADE  
POLICY THROUGH VARIOUS STRATEGIES BECAUSE OF THE  
INCREASING U.S. USE OF RESTRICTIVE MEASURES WHICH HURT  
OUR FOREIGN TRADE. THE STUDY BEING DONE BY THE ICC ON  
MEAT IMPORTS UNDER SECTION 201 (B) OF THE TRADE LAW OF

1974 (INVESTIGATION TA-201-25) CAN BE CITED AS AN EXAMPLE.

## 1.2 OBJECTIVES OF UNITED STATES TRADE POLICY.

(TOPIC TO BE DEVELOPED BY THE U.S. SIDE.)

2. CHANGES IN U.S. RESTRICTIVE TRADE PRACTICES WHICH HURT MEXICAN FOREIGN TRADE, CONSIDERING THE AMOUNT OF MEXICAN PURCHASES IN THE U.S., OUR GEOGRAPHIC POSITION, AND OUR DEGREE OF DEVELOPMENT.

HERE THE GENERAL MEASURES TAKEN UNDER SECTION 201 (SAFEGUARDS) OF THE TRADE ACT OF 1974 WILL BE CONSIDERED, AS WELL AS CONCRETE CASES OF PRODUCTS OF INTEREST TO MEXICO WHICH ARE SUBJECT TO PROCEEDINGS WHICH MAY RESULT IN RESTRICTIONS.

EXAMPLES SUBJECT TO SAFEGUARDS WHICH CAN BE ANALYZED INCLUDE: FRESH FLOWERS, HATS AND VISORS, CAST IRON STOVES, LIVE CATTLE, CERTAIN BEEF PRODUCTS FOR HUMAN CONSUMPTION, CAST IRON PIPE, PIPE FITTINGS, AMONG OTHERS. (IN REGARD TO COMPENSATORY DUTIES THE CASE OF SHEET STEEL COULD BE TREATED AND THE CASE OF SULFUR UNDER ANTI-DUMPING.

THE LIMITATIONS ON PREFERENTIAL TREATMENT OF THESE CASES, UNCLASSIFIED

UNCLASSIFIED

PAGE 03 MEXICO 11521 01 OF 02 120037Z

WHEN RELEVANT, CAN ALSO BE A TOPIC OF DISCUSSION.

3. TARIFF RESTRICTIONS: FLEXIBILITY OF NON-TARIFF BARRIERS APPLICABLE TO PRODUCTS OF INTEREST TO MEXICO.

UNDER THIS TOPIC THE FOLLOWING MATTERS WILL BE TREATED:

FOR TARIFFS, WITH THE OBJECTIVE OF OBTAINING SUBSTANTIAL REDUCTIONS IN HIGH TARIFFS FOR PRODUCTS OF INTEREST TO MEXICO, THE USE OF THE MAXIMUM AUTHORITY GIVEN TO THE U.S. EXECUTIVE BY THE TRADE ACT OF 1974 WILL BE ANALYZED, OR BY INCLUDING THESE PRODUCTS UNDER GSP (EXAMPLE: TEQUILA).

AS CONCERNS SEASONAL TARIFFS, IN ORDER TO REDUCE OR ELIMINATE THESE BARRIERS TO MEXICAN PRODUCTS, ESTABLISH A MECHANISM TO COMPARE THE PRODUCTION PERIODS IN EACH COUNTRY, OR REDUCE THE PROTECTED PERIOD IN THIS MARKET (EXAMPLE: FRESH VEGETABLES).

IN NON-TARIFF BARRIERS, ESTABLISH A CONSULTATION MECHANISM WHICH WOULD PERMIT PROBLEMS WITH MEXICAN

EXPORTS IN THIS AREA TO BE SOLVED.

4. JOINT PROGRAMS FOR THE SALE OF AGRICULTURAL  
PRODUCTS IN THE U.S. MARKET WITH A VIEW TOWARD MAKING  
LONG-RANGE POLICIES.

THE OBJECTIVE OF THIS POINT WILL BE THE FORMULATION AND  
ADOPTION OF A TRADE PROGRAM FOR AGRICULTURAL PRODUCTS  
TO BE EXPORTED TO THE U.S. WHICH COULD INCLUDE SUPPLYING  
U.S. SHORT-RANGE PRODUCTION SHORTFALLS WITH MEXICAN  
PRODUCTS AND THE BEGINNING OF CONSULTATIONS ON LONG-  
RANGE POLICIES IN THIS SECTOR TO PLAN MEXICAN PRODUCTION  
UNDER BENEFICIAL MARKET CONDITIONS.

UNCLASSIFIED

UNCLASSIFIED

PAGE 04 MEXICO 11521 01 OF 02 120037Z

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UNCLASSIFIED

PAGE 01 MEXICO 11521 02 OF 02 120043Z  
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UNCLAS SECTION 02 OF 02 MEXICO 11521

5. PROBLEMS CONCERNING THE COUNTING OF BORDER INDUSTRY  
EXPORTS FOR QUOTAS AND GSP-GENERALIZED SYSTEM OF  
PREFERENCES.

ACTIONS WHICH COULD PROMOTE AND FACILITATE THE BORDER  
INDUSTRY PROGRAM IN MEXICO WILL BE STUDIED, AMONG THESE:

A) ELIMINATION OF RESTRICTIONS WHICH LIMIT THE EXPORT OF BORDER INDUSTRY PRODUCTION TO THE U.S., PRINCIPALLY THOSE REFERRING TO IMPORT QUOTAS ON THESE PRODUCTS.

B) THAT ONLY THE VALUE ADDED IN MEXICO BE COUNTED, NOT THAT OF U.S. MATERIALS, IN MEXICAN EXPORTS OF BORDER INDUSTRY PRODUCTS.

C) MEASURES THAT GIVE THESE PRODUCTS GREATER BENEFITS UNDER GSP.

6. MEXICAN AND UNITED STATES POSITIONS IN THE MULTI-LATERAL TRADE NEGOTIATIONS (MTN) (TROPICAL PRODUCTS AND OTHER NEGOTIATING GROUPS), ON THE EXTENSION OF THE UNCLASSIFIED

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PAGE 02 MEXICO 11521 02 OF 02 120043Z

INTERNATIONAL TEXTILE TRADE AGREEMENT, AND TOPICS RELATED TO UNCTAD.

--A SATISFACTORY CONCLUSION TO MTN AND INCREASING THE U.S. OFFERS TO COVER ALL OR A MAJORITY OF THE MEXICAN REQUESTS ON TROPICAL PRODUCTS.

--EXCHANGE OF OPINIONS OF A GENERAL NATURE ON THE WORK OF THE NEGOTIATING GROUPS OF THE TRADE NEGOTIATIONS COMMITTEE, MAINLY THE FOLLOWING GROUPS: INSTITUTIONAL FRAMEWORK, SAFEGUARDS, COUNTERVAILING DUTIES, AND ANTI-DUMPING.

--EXCHANGE OF INFORMATION ON U.S. AND MEXICAN POSITIONS CONCERNING THE POSITION OF THE EUROPEAN ECONOMIC COMMUNITY AND CANADA ON THE ADDITIONAL LIMITATIONS THAT THESE COUNTRIES WISH TO INCLUDE IN THE NEW AGREEMENT ON INTERNATIONAL TEXTILE TRADE.

--EXCHANGE OF POINTS OF VIEW ON THE MOST IMPORTANT TOPICS TO BE DISCUSSED IN THE UNCTAD AND ITS COMMISSIONS (INTEGRATED PROGRAM).

7. THE SITUATION OF BASIC COMMODITIES.

A) SUGAR--MEXICO/S POSITION AS AN EXPORTING COUNTRY.

B) COFFEE, COCOA, ETC.

A) CONSIDERING THAT MEXICO HAS BEEN A TRADITIONAL SUGAR EXPORTER TO THE U.S. MARKET, ITS INCLUSION IN ANY RETURN TO THE QUOTA SYSTEM IN EFFECT UP TO DECEMBER 31, 1974 OR ANY OTHER SYSTEM SHOULD BE STUDIED.

UNCLASSIFIED

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PAGE 03 MEXICO 11521 02 OF 02 120043Z

ADDITIONALLY, THE OPINIONS EXPRESSED BY THE VARIOUS COUNTRIES DURING THE LAST U.N. CONFERENCE ON SUGAR, 1977, WHICH DID NOT REACH A NEW INTERNATIONAL AGREEMENT, IN ORDER TO FIND POINTS OF AGREEMENT BETWEEN U.S. AND MEXICAN POSITIONS WITH RESPECT TO THOSE OF OTHER COUNTRIES.

B) IN REGARD TO OTHER RAW MATERIALS, ASSURE FAVORABLE CONDITIONS FOR THE EXPORT OF MEXICAN PRODUCTS TO THE U.S., BASED ON INTERNATIONAL TRADING ARRANGEMENTS. ALSO, MEANS OF NOT ENCOURAGING THE PRODUCTION OF SYNTHETIC SUBSTITUTES TO MEXICAN RAW MATERIAL EXPORTS SHOULD BE ANALYZED.

8. DESCRIPTION OF RECENT MEASURES TAKEN BY MEXICO TO LIBERALIZE IMPORT TRADE.

MENTION COULD BE MADE OF THE NEW MEXICAN IMPORT POLICY (PROGRESSIVE USE OF TARIFFS WITHOUT RIGIDITY; 440 PRIOR PERMITS ELIMINATED RECENTLY) SHOWING THE MEXICAN DISPOSITION TO ENTER INTO A NEGOTIATING STAGE AND ADEQUATE COMPENSATION BY THE U.S. AND OTHER INDUSTRIALIZED COUNTRIES, BILATERALLY AND IN THE MULTI-LATERAL GATT NEGOTIATIONS SHOULD BE MENTIONED. LUCEY

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## Message Attributes

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